

Mid-City/Exposition LRT

Los Angeles, California

(November 2002)

Description

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is undertaking Preliminary Engineering on a 9.6-mile proposed light rail transit (LRT) project that would run from the Los Angeles Central Business District west along Exposition Boulevard to Culver City. The proposed Mid-City/Exposition LRT project would have seven new and three reconstructed stations and would connect to the existing Blue Line light rail system at the Metro Center station near downtown Los Angeles. The proposed alignment would use an existing railroad corridor purchased by the LACMTA in 1990 for a future transit system expansion. The proposed project would serve four major areas: the Figueroa corridor, Exposition Park, Crenshaw and Culver City. The corridor has several major institutions including the University of Southern California, Los Angeles Memorial Coliseum, Kenneth Hahn State Recreational Area, and the Los Angeles Convention Center. Additionally, Crenshaw and other communities along the alignment have received substantial new economic development and the proposed project would support further development activity.

Summary Description	
Proposed Project:	Light Rail Transit 9.6 Miles, 10 Stations
Total Capital Cost (\$YOE):	\$631.5 Million
Section 5309 New Starts Share (\$YOE):	\$315.6 Million (50%)
Annual Operating Cost (2020 \$YOE):	\$20 Million
Ridership Forecast (2020):	20,500 Average Weekday Boardings 6,200 Daily New Riders
Opening Year Ridership Forecast (N/A):	N/A
FY 2004 Finance Rating:	Medium
FY 2004 Project Justification Rating:	Not Rated
FY 2004 Overall Project Rating:	Not Rated

This project has not been rated. The project sponsor calculated the project's cost-effectiveness at \$12.20 per hour of transportation system user benefit. However, FTA has serious concerns about the information submitted for this measure; the underlying assumptions used by the project sponsor may have produced an inaccurate representation of the benefits of the project. FTA continues to work with this project sponsor to validate the assumptions, information, and projections. A rating for this project will be made available to Congress and other interested parties when the issues are resolved. The overall project rating applies to this *Annual Report on New Starts* and reflects conditions as of November 2002. Project evaluation is an ongoing process. As new starts projects proceed through development, the estimates of costs, benefits, schedules and impacts are refined. **The FTA ratings and recommendations will be updated annually to reflect new information, changing conditions, schedules and refined financing plans.**

Status

Initial systems planning efforts for the Mid-City Corridor began in 1989, and an Alternatives Analysis on the corridor commenced in 1990, resulting in the selection of a heavy rail subway line from Union Station to the Mid-City area. A Record of Decision on the corridor was issued in December 1994. The FTA and MTA entered into a Full Funding Grant Agreement (FFGA) on three heavy rail corridors ("MOS-3"), which included the North Hollywood, Mid-City, and Eastside corridors, in May 1993. In January 1997, FTA requested that the MTA submit a Recovery Plan to demonstrate its ability to complete the FFGA while maintaining and operating the existing bus system. Pursuant to the request, in January 1998, the LACMTA Board of Directors voted to suspend and demobilize rail construction activities on the Mid-City and Eastside projects. The MTA subsequently submitted a Recovery Plan to FTA in May 1998, and FTA approved the Plan in July 1998. In 1998, the MTA undertook a Regional Transit Alternatives Analysis (RTAA) to analyze and evaluate feasible alternatives for the Eastside and Mid-City corridors. In June 1999, the MTA initiated a Re-Evaluation/Major Investment Study on the Mid-City Exposition corridor and the Mid-City Wilshire Boulevard corridor as a single study. In March of 2000 the LACMTA initiated a Draft Environmental Impact Statement (DEIS) to analyze transportation alternatives in the Mid-City Exposition corridor, and in April 2001, the DEIS was circulated to the public. In June of 2001, the LACMTA board selected light rail as the Locally Preferred Alternative in the Mid-City Exposition corridor. FTA approved the initiation of Preliminary Engineering in December of 2001. As a result of work undertaken during Preliminary Engineering, capital costs have doubled since November 2002. The LACMTA has initiated the Final Environmental Impact Statement and plans to complete the NEPA process in August 2003.

TEA-21 Section 3030(a)(38) authorized the Los Angeles MOS-3 for Final Design and construction. Through FY 2001, Congress appropriated \$76.48 million for the original Mid-City and Eastside subway alignments. Through FY2002, Congress appropriated \$21.3 million for the Eastside Corridor and Mid-City projects.

Evaluation

The following criteria have been estimated in conformance with FTA's *Reporting Instructions for the Section 5309 New Starts Criteria*, updated in June 2002. The project will be reevaluated when it is ready to advance to Final Design and for next year's *Annual Report on New Starts*.

Project Justification Quantitative Criteria		
Mobility Improvements Rating: Not Rated		
Average Employment Per Station Average Low Income Households Per Station Transportation System User Benefit Per Project Passenger Mile (Minutes)	<u>New Start vs. Baseline</u>	
	14,900	
	680	
	Not Rated	
Environmental Benefits Rating: High		
<u>Criteria Pollutant Reduced</u> (tons)	<u>New Start vs. Baseline</u>	
Carbon Monoxide (CO)	130	
Nitrogen Oxide (NO _x)	38	
Hydrocarbons	14	
Particulate Matter (PM ₁₀)	1	
Carbon Dioxide (CO ₂)	15,360	
<u>Annual Energy Savings</u> (million)		
BTU	212,060	
Cost Effectiveness Rating: Not Rated		
	<u>New Start vs. Baseline</u>	
Cost Per Transportation System User Benefit (current year dollars/hours)	Not Rated	
Operating Efficiencies Rating: Medium		
	<u>Baseline</u>	<u>New Start</u>
System Operating Cost per Passenger Mile (current year dollars)	\$0.35	\$0.35

[] indicate an increase in emissions.

Project Justification

Rating: Not Rated

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matter, and as an “attainment area” for nitrogen oxides. The incremental cost per incremental trip is \$24.02.

Existing Land Use, Transit-Supportive Land Use Policies and Future Patterns **Rating: Medium**

The *Medium* rating reflects the moderate land use densities, however, there are a number of major trip generators and good opportunities for re-development in the corridor.

Existing Conditions: The proposed project is located within a rail corridor that was developed into predominantly industrial land uses. However, there are transit supportive population and employment densities throughout the corridor, within a block of the rail alignment in most areas. The corridor contains a high number of trip generators, especially in the eastern end of the corridor, which contains downtown Los Angeles, the Los Angeles Convention Center, Staples Center Arena, the University of Southern California and Exposition Park (including the Memorial Coliseum, Sports Arena, California Science Center, and the California Afro-American Museum). High trip generators in the western end of the corridor include downtown Culver City and the West Angeles Cathedral. The pedestrian accessibility is transit supportive and sidewalk facilities are provided along a dense grid street network. However, parking is generally plentiful around station areas and comprises a significant portion of proposed station area land uses.

Future Plans, Policies and Performance: The MTA and City of Los Angeles have jointly adopted a Land Use and Transportation Policy that suggests incentives and prototypes for development around station areas. However, because many of the station sites are not finalized, little station area planning has occurred. A station neighborhood area plan process is expected to commence during 2002, during which more station-specific land use plans and policies will be developed. There are opportunities in the corridor for the expansion of high trip generators, especially the museums around Exposition Park and an entertainment district around Staples Center, which may promote additional redevelopment. Redevelopment zones around the Crenshaw and Vermont stations provide an opportunity to promote economic development around proposed station sites. Additionally, the current industrial land around rail stations may provide further opportunity for new transit oriented development as station sites are refined.

Local Financial Commitment **Rating: Medium**

The rating of *Medium* for local financial commitment is because of the *Medium* rating for the Capital Operating Plan and the *Medium* rating of the Operating Financial Plan.

Locally Proposed Financial Plan		
<u>Proposed Source of Funds</u>	<u>Total Funding (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 New Starts	\$315.6	50.0 %
FHWA CMAQ	\$34.1	5.4 %
FHWA STP	\$39.9	6.3 %
State:	\$69.1	10.9 %
Traffic Congestion Relief		
State Regional Improvement Fund	\$112.2	17.8%
Local:		
Proposition C sales Tax	\$60.6	9.6%
Total:	\$631.5	100.0%

NOTE: Funding proposal reflects assumptions made by project sponsors, and not DOT or FTA assumptions. Total may not add due to rounding.

Proposed Non-Section 5309 New Starts Share of Total Project Costs: 50%

Rating: Medium

The LACMTA plans to use Section 5309 New starts funds, FHWA Flexible Funds, State funding sources, and Proposition C dedicated sales tax funds to construct the proposed project.

Stability and Reliability of Capital Financing Plan

Rating: Medium

The *Medium* rating reflects the preliminary nature of the cost estimate, the potential for scope changes, and the limited capacity to fund additional costs or to cover revenue shortfalls.

Agency Capital Financial Condition: LACMTA's capital assets are in very good condition. The bus fleet average age is six years, the light rail fleet average age is nine years, and the heavy rail fleet average age is five years. LACMTA is rated as a AA credit by Standard & Poor's, A1 by Moody's, and A+ by Fitch. Debt service coverage is well above minimum coverage requirements.

Capital Cost Estimate and Contingencies: The capital cost estimate prepared is based on planning-level unit cost assumptions, and some changes in the scope of the project are possible (e.g., a tunnel segment is to be explored in PE). The cost estimate contains a 23 percent contingency. LACMTA could potentially fund an additional 25 percent of project costs from existing sources, depending on cost variances on other major capital projects — Eastside LRT, San Fernando Valley BRT, and Wilshire Corridor Rapid Bus. As a result of work undertaken during Preliminary Engineering, capital costs have doubled since November of 2002.

Existing and Committed Funding: Approximately 65 percent (\$203.7 million) of non-New Starts funds are committed and are drawn from existing sources. These include: regional STP funds (\$39.9 million) and CMAQ funds (\$34.1 million) programmed by LACMTA; State Traffic Congestion Relief Program (TCRP) funds (\$69.1 million), committed to the project by state legislation signed into law in July 2000; and Proposition C sales tax revenues (\$60.6 million) programmed by LACMTA.

New and Proposed Sources: The remaining 35 percent (\$112.2 million) of the non-New Starts funds are from the State Regional Improvement Program. This is an existing source, and has been included in prior financial plans submitted by LACMTA, but no funds from this source had previously been allocated to this project.

Stability and Reliability of Operating Finance Plan

Rating: Medium

The *Medium* rating reflects the strength of the operating financial plan and good operating condition of the LACMTA.

Agency Operating Condition: LACMTA is in very good operating condition. Operating and maintenance costs per revenue hour have been tightly controlled over the past four years, and have declined about 16 percent in real terms. Small operating surpluses have been generated for the last four fiscal years. Service has expanded by 20 percent since FY1998. Liquidity is very good, with cash and equivalents in the Enterprise Fund equal to about 11 weeks of Operation and Maintenance expense.

Operating Cost Estimates and Contingencies: The project would have a modest impact on LACMTA operations, costing about \$26.9 million in FY2011 – the first full year of operation. It would account for about one percent of system-wide operating and maintenance cost and subsidy requirements. The project's cost and passenger revenues appear reasonable in relation to other LRT services operated by LACMTA.

Existing and Committed Funding: Existing and committed funds comprise 75.5 percent of the project's operating costs: local sales tax revenues (71.8 percent); and other operating income, such as advertising and interest earnings (3.7 percent).

New and Proposed Funding Sources: There are no new or proposed funding sources.

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